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FM AMEMBASSY CARACAS  
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INFO RUEHHH/OPEC COLLECTIVE  
RUEHWH/WESTERN HEMISPHERIC AFFAIRS DIPL POSTS  
RUEHMD/AMEMBASSY MADRID 3247  
RUEHRO/AMEMBASSY ROME 0662  
RUEHKO/AMEMBASSY TOKYO 0162  
RHEHNSC/NSC WASHDC  
RHEHAAA/WHITEHOUSE WASHDC  
RHEBAAA/DEPT OF ENERGY  
RUCPDOG/DEPT OF COMMERCE  
RUEATRS/DEPT OF TREASURY  
RUMIAAAA/HQ USSOUTHCOM MIAMI FL

C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 001208

SIPDIS

ENERGY FOR ALOCKWOOD AND LEINSTEIN, DOE/EIA FOR MCLINE  
HQ SOUTHCOM ALSO FOR POLAD  
TREASURY FOR MKACZMAREK  
COMMERCE FOR 4332/MAC/WH/JLAO  
NSC FOR DRESTREPO AND LROSSELLO

E.O. 12958: DECL: 09/14/2019  
TAGS: [EPET](#) [EINV](#) [ENRG](#) [ECON](#) [CU](#) [VE](#)  
SUBJECT: VENEZUELA: CHAVEZ'S EARLY ANNOUNCEMENT OF REPSOL'S  
NATURAL GAS DISCOVERY

REF: A. 05 CARACAS 2807  
[1](#)B. CARACAS 239  
[1](#)C. CARACAS 853  
[1](#)D. CARACAS 1017

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Classified By: Economic Counselor Darnall Steuart, for reasons  
1.4 (b) and (d).

[1](#)1. (C) SUMMARY: On Friday, September 11, President Chavez trumpeted that Spanish oil company Repsol had made a significant natural gas discovery in the Gulf of Venezuela. Repsol issued a press release reiterating President Chavez's statement. This discovery was made in one of seven off-shore blocks offered in the 2005 Rafael Urdaneta Round. Industry experts in Venezuela indicate that the announcement was likely premature, but cede that Repsol may have made a substantial natural gas discovery. END SUMMARY.

[1](#)2. (C) President Chavez told the media that the Pearl 1 offshore exploratory well drilled by the Spanish Repsol and Italian ENI consortium had discovered a reservoir of great potential, which could hold between 7 and 8 trillion cubic feet (TCF) of gas. He stated that this was the largest gas find in Venezuela's history. Repsol's press release notes that PDVSA will have a 35% stake in the development phase, with Repsol and ENI keeping 32.5% each.

[1](#)3. (C) A British Petroleum employee seconded to a PDVSA joint venture told EmbOff that the numbers announced by Chavez resembled an earlier, pre-exploration estimate by his company. Chevron's Commercial Manager for Block 2 of the off-shore Plataforma Deltana (PD2) in Eastern Venezuela, Bret Tarpley (strictly protect throughout), told Petroleum Attache (PetAtt) that if the field is as large as announced, it would be about the same size as PD2. He thought it premature for Repsol to announce the numbers (NOTE: Repsol has only reiterated the numbers announced by Chavez) and was sure that Repsol had not yet tested the reservoir. He noted that Chevron had drilled four test wells in PD2 before it could confirm the reservoir's size and added that a geologist with ENI shared that it had found "a small section of potential

pay" in the Gulf of Venezuela. (NOTE: As reported in Reftel D and previous, Repsol and ENI have a contract with U.S. drilling company ENSCO to drill one exploratory well (with the option for a second) in the Gulf of Venezuela. ENSCO is anxious to re-export its rig from Venezuela so Repsol may face difficulties in contracting a rig to continue testing the reservoir. END NOTE.)

14. (C) Finally, xxxxxxxxxxxx ,  
for Pearl 1, confirmed to  
PetAtt that the discovery could be the largest natural gas find in Repsol's history. However, he questioned the source of the numbers President Chavez announced, claiming an oil company would normally be more precise with the estimated size of a discovery.

15. (C) COMMENT: It is not clear what the real size and characteristics of the newly discovered reservoir are, though 7-8 TCF of natural gas appears to be the upper limit. Venezuela originally launched the Rafael Urdaneta project in the Gulf of Venezuela in order to increase domestic supply. In fact, western Venezuela is dependent upon natural gas from Colombia for domestic residential and industrial demand. Since the government provides subsidized natural gas to domestic users, an international oil company will find developing a profitable business model challenging.

16. (C) It is not unusual for President Chavez's announcements to be erroneous in fact, but accurate in direction. Earlier this summer he announced the completion of a test well in the Dragon block of Mariscal Sucre. Post later learned that in reality, the drill team had actually only completed drilling to the well's third zone (depth) of five planned zones. However, what is not in question is Venezuela's actual

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record of developing its off-shore natural gas resources. Venezuela has been talking about the development of natural gas off Eastern Venezuela for the last twenty years but has yet to build a natural gas train. During the same period, Trinidad & Tobago has completed at least four LNG trains.  
DUDDY